MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2021/2022

BME1014 – INTRODUCTORY MICROECONOMICS

(All Sections/Groups)

17 AUGUST 2022
9.00 am–11.00 am
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of 1 page with 4 questions.
2. Attempt **ALL** questions. The distribution of the marks for each question is given.
3. Please write all your answers in the Answer Booklet provided.

QUESTION 1

a) What is the economic problem? (15 marks)

b) Explain scarcity in economic concepts. (10 marks)

(Total: 25 Marks)

QUESTION 2

a) Find the supply price elasticity of the quantified supplied that changed from 1,200 to 1,400, and the price changed from $2 to $4. (10 marks)

b) If Marilou and Hunter are both choosing optimally, at their consumption point their marginal rate of substitution between milk and doughnuts will be the same because they pay the same prices for the two goods. Explain your answer and draw their budget constraints and indifferent curves. (15 marks)

(Total: 25 Marks)

QUESTION 3

a) Calculate the missing value of total cost and average total cost in the following table.

(12 marks)

Quantity of workers	Quantity of cars per month	Fixed cost	Variable cost	Total cost	Average total cost
0	0	$5,000	0		
1	20	$5,000	$2,500		
2	30	$5,000	$5,000		
3	40	$5,000	$7,500		
4	50	$5,000	$10,000		
5	60	$5,000	$12,500		

b) Differentiate between allocative efficiency and productive efficiency. (13 marks)

(Total: 25 Marks)

QUESTION 4

a) Explain the barriers to entry in both oligopoly and monopoly markets. (10 marks)

b) Explain the economic discrimination in terms of the labor market. (15 marks)

(Total: 25 Marks)

End of Paper.